**Introduction**

Social inclusion is everybody’s responsibility and the key public policy levers for achieving this complex and long term policy agenda are shared between the Commonwealth, State and Local Governments, requiring collaboration between all three levels of government. There is already joint work underway (e.g. around homelessness), and the first Social Inclusion Ministers Conference in September 2009 may provide the platform for the first steps toward a national approach.

This paper provides an overview of mechanisms to promote collaboration and initiatives currently underway that could support the Tasmanian Government’s social inclusion objectives. It concludes with some opportunities for joint action where Collaborative Federalism could improve social inclusion outcomes in Tasmania.

**Collaborative federalism**

Collaborative federalism is based on the principle that all spheres of government have responsibility for delivering policy outcomes that are valued by Australians. The capacity for Commonwealth and State and Territory Governments to work together will be crucial to the success of a National Social Inclusion Agenda, and relates not only to social policy but also to policy levers concerning infrastructure, economic development, transport and urban planning.

**Australia’s Federal System**

Australia is governed by a federal system, with legislative responsibilities shared between the Commonwealth and States. The Commonwealth holds most of the structural policy levers that impact upon social inclusion – for example, legislative control over income tax and transfers, inter-governmental funding agreements, health insurance and the pharmaceutical benefits scheme and monetary and trade policy.

The States and Territories have traditionally had responsibility for the delivery of key social services. State and Territory Governments have some important levers such as:

- Legislative capacity and funding responsibility around early years and primary and secondary schooling;
- Public health system and health promotion;
- Justice system;
- Funding social infrastructure such as schools and libraries;
- Strengthening local institutions through grants to third parties; and
- Land use planning and Local Government.

Local Governments operate at an even smaller scale with fewer levers and significant resource constraints. However, Local Government is the democratic institution closest to communities and has a significant role to play in enhancing social inclusion.
Since the end of World War 2 successive Commonwealth governments have taken a larger role in areas associated with social policy, which can be attributed to increasing taxation powers, and a desire for greater national consistency.

Collaborative Federalism over time

Since the 1970s successive Commonwealth governments have implemented a range of measures to increase the efficiency and international competitiveness of Australia’s economy. These reforms have aimed to reduce institutional protections at a macro and micro level upon economic activity. They have included lowering tariffs, floating the Australian dollar and deregulating our financial industry.

As these reforms gathered pace it became apparent that further change to enhance Australia’s international competitiveness would be dependent upon cooperation between the three levels of Government. In 1990 Prime Minister Hawke announced an agenda of ‘New Federalism’ to improve inter-governmental coordination across a range of policy areas.

Reform of competition law emerged as a priority initiative for the New Federalism. Competition law exists as a way to ensure market competition delivers the best deal for consumers – for example the power to break up monopolies. At that time many publically owned enterprises and professions were excluded from competition law across different sectors of the economy. In a series of meetings in 1991 and 1992 the Commonwealth and State and Territory Governments established the Council of Australian Governments (COAG) and agreed upon a framework to reform competition policy.

The subsequent micro-economic reforms – such as extending the Trade Practice Act to all areas of the economy and applying principles of competitive neutrality – contributed to the sustained economic growth experienced by Australia from the mid 1990s.

A similar cooperative approach between all three levels of government will be needed to help improve social inclusion outcomes in Tasmania.

National Reform Agenda and Social Inclusion

In February 2006 COAG agreed to pursue a National Reform Agenda (NRA) to improve productivity and promote future growth in the Australian economy. The NRA continues the commitment to micro-economic reforms together with a renewed focus on investing in the skills and capabilities of Australian workers. The NRA also develops stronger linkages between social and economic policy settings.

The NRA develops new directions for social policy in Australia. Typically modern Australian Governments have used social policy to reduce disadvantage and maximise wellbeing in two ways: direct intervention (e.g. welfare approach of taxes and transfer payments); or increasing the role of

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markets in the provision of services (e.g. shifting risk and responsibility to individuals through incentives and deregulation).

Evidence internationally suggests that neither welfare nor market led approaches to social policy will deliver sustained improvements to social inclusion. This is because they don’t invest in the capacity of individuals and communities to succeed in a globally competitive market economy.

Since the early 1990s social investment has emerged as a new social policy architecture that has been central to the development of the NRA. The NRA argues that all spheres of Government need to work together on improving the delivery of essential social services, with a focus on investment in human capital.

Human Capital includes factors such as work skills, leadership, educational attainment, health, which relate to labour productivity. The NRA sets out measures in four areas to continue microeconomic reforms and invest in human capital:

- Improving competitiveness through cutting red tape and investing in economic infrastructure;
- Improving the efficiency and effectiveness of the health system including a greater emphasis on early intervention and prevention;
- Getting more people involved in education and training through life and improving results;
- Removing disincentives and barriers to labour force participation.

The NRA sets out the following architecture for the Commonwealth and State and Territory Governments to work cooperatively toward shared policy agendas, including:

- Clearly defined and measurable outcomes against world’s best practice;
- Priority actions with agreed timeframes;
- Progress to be reviewed independently and financially rewarded to promote innovation; and
- Shared institutional frameworks for delivery through the COAG.

These principles, together with the strategies set out in the NRA can help drive a nationally collaborative approach to promoting social inclusion.

**Council of Australian Governments**

The Council of Australian Governments (COAG) is the peak intergovernmental forum in Australia. COAG comprises the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association (ALGA).

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8 Victorian Government, 2004 Governments working together – a better future for all Australians, Allens Consulting Group, Melbourne
The role of COAG is to initiate, develop and monitor the implementation of policy reforms that are of national significance and which require cooperative action by Australian governments.\(^9\)

**Ministerial Councils and Working Groups**

There are currently 40 Ministerial Councils that initiate, develop and monitor policy reform between the Commonwealth and States, and provide a forum for resolving differences\(^10\). A number of these Councils oversee matters related to social inclusion including: Aboriginal and Torres Strait Islander Affairs; education, employment, training and youth affairs; health, community and disability services; Local Government and planning; and vocational and technical education.

In December 2007 COAG identified seven areas to constitute a 2008 work plan:

- health and ageing
- the productivity agenda – including education, skills, training and early childhood
- climate change and water
- infrastructure
- business regulation and competition
- housing
- Indigenous reform.

These working groups include government representatives and officials and over this year to pursue reforms in these areas of joint Commonwealth-State responsibility. This will include crafting specific objectives, benchmarks and actions plans in areas directly related to social inclusion – for example in the area of affordable housing.

**Inter governmental funding agreements**

The December 2007 COAG meeting also agreed to simplify Special Purpose Payments (SPPs) between the Commonwealth and States to deliver core social services. In March 2008 COAG agreed to consolidate the existing 92 SPP’s into a smaller number of National Partnership Agreements (NPAs) – covering health, affordable housing, early childhood and schools, vocational education and training, and disability services. Figure 1 outlines the National Agreements and National Partnerships in which Tasmania is involved.

There is also a commitment to include provisions around the needs of low socio-economic status school communities in the new national education funding agreement, which was introduced in the beginning of 2009. These types of provisions in the NPA’s could help focus the attention of mainstream services on promoting social inclusion.

**COAG Trials**

In April 2002 COAG agreed to trial a new way of working in 10 indigenous communities across Australia. The COAG indigenous trials are based on the idea that better outcomes can be achieved

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through governments working together and building the capacity to people to manage their own affairs. The COAG trials are a good working example of collaborative federalism that applies the principles of social inclusion which are set out in this paper\textsuperscript{11}.

**National Partnership Agreements**

This section of the paper will focus upon the outcomes established through the NPA’s and their implications for Tasmania’s Social Inclusion Strategy. The NPA’s have a focus on building Australia’s human capital. All of the NPA’s include a commitment to addressing the issue of social inclusion with a particular focus upon the needs of Australia’s indigenous community.

**Indigenous disadvantage**

In October 2008 COAG agreed to six targets to close the gap in quality of life between indigenous and non-indigenous Australians. These targets are to:

- Close the gap in life expectancy within a generation;
- Halve the gap in mortality rates for Indigenous children under five within a decade;
- Ensure all Indigenous four years olds in remote communities have access to early childhood education within five years;
- Halve the gap in reading, writing and numeracy achievements for Indigenous children within a decade;
- Halve the gap for Indigenous students in year 12 attainment or equivalent attainment rates by 2020; and
- Halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.

These targets have informed the development of a range of NPA’s that are relevant to the social inclusion objectives of the Tasmanian Government.

**Health**

Health inequalities are differences in health status (such as rates of illness and death or self rated health) that result from social, economic and geographic influences that are avoidable, unfair and unnecessary\textsuperscript{12}. Contemporary approaches to reducing health inequalities focus on early intervention and preventative initiatives that address these factors such as alcohol misuse, violence, physical inactivity and obesity. State, Territory and Local Governments hold many of the policy levers in this area including responsibility for public health, community health, and mental health programs.

\textsuperscript{11} An evaluation of these COAG trials can be found at [www.fahcsia.gov.au/sa/indigenous/pubs/evaluation/coag_trial_site_reports/overview/Pages/default.aspx](http://www.fahcsia.gov.au/sa/indigenous/pubs/evaluation/coag_trial_site_reports/overview/Pages/default.aspx).

The National Partnership Agreement (NPA) on preventative health aims to address the rising prevalence of lifestyle related chronic diseases in Australia\(^\text{13}\). The agreement sets out the following medium to long term outcomes:

- Increase the proportion of children and adults at healthy body weight by 3 percentage points within ten years;
- Increase the proportion of children and adults meeting national guidelines for healthy eating and physical activity by 15 per cent within six years;
- Reduce the proportion of Australian adults smoking daily to 10 per cent within ten years;
- Reduce the harmful and hazardous consumption of alcohol; and
- Help assure Australian children of a healthy start to life, including through promoting positive parenting and supportive communities, and with an emphasis on the new-born\(^\text{14}\).

The agreement includes provisions to focus effort on population groups and areas that experience higher incidence of risk factors associated with these outcomes. There is also a specific NPA that aims to close the gap in health outcomes between indigenous and non-indigenous Australians\(^\text{15}\). Key areas of action to improve indigenous health outcomes include:

- Preventative Health – reducing smoking, increasing immunization rates, reducing incidence of low birth weight
- Primary Health Care – improving chronic disease management and access to medical services
- Hospitals – rates of admission, reducing waiting times
- Patient experiences – patient satisfaction, barriers to accessing services
- Sustainability – increasing the proportion of indigenous Australians in medical professions.

These agreements signal that preventative health programs focused on achieving these outcomes will be a key part of Tasmania’s Social Inclusion Strategy.

**School Education**

Contemporary approaches to promoting social inclusion through education and skills emphasise: personalised approaches to service delivery (such as helping people through transitions), linking up support services, improving teacher quality, and linking schools and early childhood education centres with the broader community. The States and Territories have responsibility for schools with funding from Commonwealth.

There are three NPA’s that deal directly with improving outcomes for school aged children:


\(^{14}\) COAG, 2009 *National Partnership Agreement on Preventative Health*, p.5.

• Teacher quality - aims to build the skills and capabilities of teachers, encourage excellence, and promote the leadership role of principals within school communities\(^\text{16}\);

• Literacy and numeracy – aims to lift the achievement of students in national testing at Years 3, 5 and 7 – has a particular focus on low socio-economic communities and indigenous students\(^\text{17}\); and

• Low socio-economic school communities – aims to lift the educational retention and achievement of students from low socio-economic backgrounds through initiatives such as improving teacher quality\(^\text{18}\).

The NPA on low socio-economic school communities is perhaps the most significant for Tasmania’s Social Inclusion Agenda. Low socio-economic schools will be identified using a nationally agreed methodology. State and Territory Governments will be responsible for implementing a range of measures to improve educational outcomes in these schools such as:

• Attracting high quality teachers and principals;
• Increasing the autonomy of schools to make budgetary and management decisions;
• Providing more holistic welfare support services for students; and
• Monitoring and reporting progress to school communities.

There are significant resources being dedicated to improving school education outcomes for students from low socio-economic backgrounds. These reforms will play a central part in Tasmania’s efforts to improve social inclusion outcomes.

**Early Childhood Education**

Early Childhood Education covers children from before birth to eight years and aims to improve the health, safety, early learning and wellbeing of children\(^\text{19}\). COAG has agreed to a wide-ranging package of reforms for early childhood, building on initial investment in universal access to early childhood education.

The national strategy *Investing in the Early Years – A National Early Childhood Development Strategy* will guide consideration of investment in future reforms to support around two million children aged under eight and their families. Implementation of the Early Years Learning Framework began in July 2009 to provide guidance to parents and early childhood educators to support early learning. There will be a formal consultation process on quality reforms to early childhood education and care, representing a major step towards a genuinely national system.

The NPA on Early Childhood Education contains a commitment to ensure universal access for every child in Australia to a preschool program in the 12 months prior to full-time schooling by 2013. There is also a specific NPA focused upon Indigenous Early Childhood Development. These agreements include the following measures:

- Improving geographic access to childcare – particularly for children from low socio-economic and indigenous backgrounds;
- Increasing the supply of trained and accredited teachers;
- A jointly governed unified national system to replace current licensing and quality assurance processes; and
- A single set of improved national quality standards that integrate education and care to promote good developmental outcomes for children.

Early childhood education can generate a range of benefits for children and their families. Integrated approaches to improving early childhood and school education pathways for children from disadvantaged backgrounds will be critical to the long term success of Tasmania’s Social Inclusion Agenda.

**Housing and homelessness**

Contemporary approaches to homelessness and housing affordability emphasise early intervention and prevention, providing pathways for people into secure living and expanding the role of the private sector and not for profits in providing social housing. Key initiatives along these lines include establishing housing associations to work across the government sector and business to build social housing. There are currently NPA’s on social housing and homelessness.

The NPA on social housing aims to increase the supply of social housing and increase opportunities for people who are homeless or at risk of homelessness to gain secure accommodation. It establishes a capital growth fund for social housing – the ‘Social Housing Growth Fund’. Proposals for funding will only be considered if they result in the construction of new social housing dwellings and meet the aims of the agreement. This NPA also focuses on short-falls in the supply of housing in particular areas of need. In May 2008 the Commonwealth Government established the National Housing Supply Council to advise it on housing supply and demand issues.

People experiencing homelessness include those without conventional accommodation (e.g. living on the streets or squatting), staying in emergency or transitional accommodation and living in boarding houses for over 3 months. The objectives of the NPA on homelessness are:

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- Fewer people becoming homeless and fewer sleeping rough;
- Fewer people becoming homeless more than once;
- People at risk of or experiencing homelessness maintaining or improving connections with their families and communities, and maintaining or improving their education, training or employment participation; and
- People at risk of or experiencing homelessness supported by quality services, with improved access to sustainable housing.

The Commonwealth will work with each jurisdiction on an implementation plan to achieve these objectives. Key strategies proposed include more effort put into early intervention and prevention, improving access to support services for people who are homeless and better integration between service providers.

**Jobs and Further Education**

Contemporary approaches to workforce participation emphasise the importance of personalised approaches (e.g. case management), encouraging innovation for service providers to help get long term unemployed people into work, and ongoing investment by workers in their human capital through lifelong education and training. The objectives agreed to by COAG in this policy area are:

- All working aged Australians have the opportunity to develop the skills and qualifications needed for them to be effective participants in and contributors to the modern labour market;
- Individuals are assisted to overcome barriers to education, training and employment, and are motivated to acquire and utilise new skills; and
- Australian industry and businesses develop, harness and utilise the skills and abilities of the workforce\(^{25}\).

There are a number of National Partnership Agreements and policy initiatives agreed to by COAG to progress these objectives.

The National Partnership Agreement on the *Productivity Places Program* aims to reduce skills shortages and increase the productivity of industry by increasing the number of people with qualifications\(^{26}\). Training places will be determined in relation to a priority list of occupations that face skills shortages. The key performance indicators for this agreement are:

- Additional training is made available for job seekers and existing workers;
- Additional training is targeted in accordance with the agreed national qualification profile level; and
- Additional training is targeted at industries, occupations and qualifications in skills shortage.

The National Partnership on *Indigenous Economic Participation* focuses on improving employment outcomes as part of the closing the gap agenda. Key areas of action include:


• Generating sustainable jobs through the Commonwealth’s Community Development Employment Projects;\(^\text{27}\);
• Creating up to 3,000 jobs for indigenous Australians through changing Commonwealth procurement processes; and
• Increasing the number indigenous Australians employed in the public sector.

The National Partnership on *Youth Attainment and Transitions* will deliver the Youth Compact to support young people to gain skills through stronger engagement in education and training. It requires young people to complete Year 10 and then to be in full-time education, training or employment; offers a training entitlement to all 15 to 24 years olds; and provides improved support through career advice and better assistance with the transition through school to further training and work. It will implement strategies for increased numbers of young people attaining Year 12 or higher qualifications; more young people to be engaged in education and training; and young people having the skills required to participate in the labour market as the economy recovers.

A *Compact with Retrenched Workers* complements the Compact with Young Australians agreed by COAG on 30 April 2009, under which 15-19 years old are guaranteed an education or training place and 20-24 year olds are guaranteed a training place for up-skilling. It recognises the significant investment made by all jurisdictions to support retrenched workers. From 1 July 2009, retrenched workers aged 25 years and over will be entitled to a training place for a government subsidised vocational education and training qualification, which would result in the individual achieving a higher qualification.

Through the *Australian Apprentices Taskforce*, COAG has agreed that when contracting for government stimulus and infrastructure projects, the States and Territories will aim to secure at least 10 per cent of the total contract labour hours to be undertaken by apprentices and trainees and those seeking to up-skill, where this does not result in unreasonable costs to business. All States and Territories will establish an out-of-trade register, and provide targeted job matching and mentoring services for apprentices and trainees. The Taskforce will report back to COAG on implementation and further urgent actions to support apprentices during the downturn.

A workplan currently being developed by COAG will address a number of major reforms to the *Vocational Education and Training* system, including:

- Developing models for a national regulatory body for vocational education and training;
- Ensuring the Australian Apprenticeship system is responsive to the needs of individuals and enterprises, especially during the downturn and into recovery;
- Increasing the level of investment in nationally-accredited training;
- Providing timely, relevant and easy to navigate information to individuals and enterprises; and
- Ensuring the training system, and the products of the training system, are responsive to the needs of individuals, businesses and industry.

In the current economic climate there is a strong commitment through COAG to employment and investing in human capital. These measures will complement Tasmania’s efforts to enhance social inclusion.

**Microeconomic Reform**

COAG has acknowledged that the global economic crisis underscores the importance of further microeconomic reform, including in relation to regulatory reform. There are widespread concerns that the global economic and financial crises will lower trend economic growth in key developed countries around the world because of higher risk aversion, less access to finance and higher required returns on capital. Continued domestic microeconomic reform will enhance Australia’s productivity and competitiveness, raising potential growth rates and living standards, and better enable Australia to deal with difficult international economic circumstances.

Good progress is being made on the *Seamless National Economy* agenda, with significant progress on a number of initiatives, including nationally-uniform occupational health and safety laws that reduce employers’ costs; a national licensing system for specified occupations to improve flexibility and reduce licence costs; and, a single Commonwealth managed consumer credit system, reducing regulation and enhancing consumer protection. COAG has also endorsed a series of reforms, recommended by the Business Regulation and Competition Working Group (BRCWG), for further progress on regulatory reform.

COAG agreed to develop national performance measures for Development Assessment (DA) by the end of 2009 that will contain information on the number, type and length of assessment of DAs. The first national performance report will be publicly released by June 2010 and cover the 2008-09 financial year. These performance measures will be important for improving transparency and accountability for planning systems and will be used as a basis for future reforms. These reforms are important in promoting private sector activity in the context of the global recession. The Local Government and Planning Ministers’ Council will report to COAG by the end of 2009 on proposals to expedite DA reform on the basis of work it is currently undertaking.

These reforms – such as those relating to consumer protection and development assessment – will directly benefit Tasmanians experiencing social exclusion.

**Capital works**

As part of the *Nation Building and Jobs Plan* there has been a significant surge in new construction commencing in June-July in the schools, social housing and community infrastructure programs:

- Essential repairs to social housing dwellings construction work on new homes has commenced across Australia under the first stage of the social housing construction program;
- Work on the National School Pride program is underway on first round primary school construction projects for halls, libraries, and new classrooms;
- Funding has been approved for larger, strategic projects under the Commonwealth’s Community Infrastructure Program, in addition to funding already provided to all councils for local projects;
- Significant work has been undertaken on key national rail and road projects; and
• In relation to energy efficiency, the ceiling insulation and solar hot water programs are already in operation.

The Commonwealth, State and local governments have agreed to cooperate in facilitating the speedy roll-out of the National Broadband Network, including in relation to greenfield developments. Work has already begun in Tasmania. These investments will provide significant enterprise growth and employment opportunities for Tasmanians.

**Dealing with Climate Change through Energy Efficiency**

COAG has agreed to a comprehensive 10-year strategy to accelerate energy efficiency improvements for householders and businesses across all sectors of the economy. Accelerating energy efficiency is a key plank in the strategy to combat climate change, reduce the cost of emissions abatement and improve the productivity of the economy. The National Partnership Agreement on Energy Efficiency will deliver a nationally-consistent and cooperative approach to energy efficiency that includes assistance to households to reduce energy use by providing information and advice, financial assistance and demonstration programs, and assistance to business and industry to obtain the knowledge, skills and capacity to pursue cost-effective energy efficiency opportunities.

**Future Directions**

There is a lot of work going on through COAG to help achieve social inclusion objectives. Five areas that would benefit from a truly national approach, and which fall outside existing COAG mechanisms and initiatives, include:

• Consistent narrative around social inclusion and common principles, indicators and data sets;
• Agreement on the economic benefits of social inclusion;
• A human rights framework (as suggested at the 2020 Summit);
• Social enterprises, micro finance and the regulatory environment; and
• The future role and capacity of the community sector and local government as stewards of social inclusion.

Joint action in these areas could help further embed a national approach to social inclusion.
Figure 1  National Agreements and National Partnerships Tasmania

National Healthcare Agreement
- National SPP
- Hospitals and Health Workforce Reform NP
- Preventive Health NP
- Essential Vaccines NP

National Affordable Housing Agreement
- National SPP
- Social Housing NP
- Homelessness NP
- Remote Indigenous Housing NP
- First Home Owners Boost NP

National Education Agreement
- National SPP
- Improving Teacher Quality NP
- Literacy and Numeracy NP
- Low SES School Communities NP
- Early childhood Education NP
- Indigenous Early Childhood NP
- Digital Education Revolution NP

Skills and workforce Development Agreement
- National SPP
- Productivity Places Program NP
- Youth Attainment and Transitions NP
- TAFE Fee Waivers for Childcare Places NP

National Disabilities Services Agreement
- National SPP

National Indigenous Reform Agreement
- Remote Indigenous Public Internet Access NP

Other
- Seamless National Economy NP
- Nation Building and Jobs NP
- Road Safety NP
- Energy Efficiency NP
- Concessions for Pensioners etc NP